

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 210 – SB 269

March 25, 2009

SUMMARY OF BILL: Requires an education appropriations bill, authorizing all expenditures for K-12 education and higher education, be passed by both the Senate and House of Representatives prior to passage of the General Appropriations Act.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – A shift of funds from other programs to higher education in the amount of \$269,000,000 to bring higher education funding to 100 percent of the formula amount. In addition to a reduction in expenditures for other state programs in this amount, the state could lose significant federal funding for other functions of state government due to state's reduced ability to match federal funds.

Assumptions:

- The fiscal impact of this legislation is dependent upon funding needed for K-12 education and higher education each year.
- The Basic Education Program (BEP) formula related to K-12 education is 100 percent funded for FY09-10 and no additional funding is required by the Tennessee Constitution or statute.
- According to the Tennessee Higher Education Commission (THEC), higher education formula units (universities, community colleges, and technical schools) will receive approximately \$990,000,000 in state appropriations for FY09-10. THEC indicates that this includes federal funds received pursuant to the American Recovery and Reinvestment Act of 2009.
- According to THEC, to fund higher education at the recommended level based on the higher education formula, approximately \$1,259,000,000 would be required for FY09-10.
- To fund the higher education formula at 100 percent, a shift of funds from the General Fund equal to approximately \$269,000,000 would be required ($\$1,259,000,000 - \$990,000,000 = \$269,000,000$).

- Tenn. Code Ann. § 49-7-202(c)(2)(A) provides that the higher education funding formula is to be recognized by all state-supported institutions of higher learning in preparing requests for appropriations. Under this bill, higher education institutions would not be limited by overall state budgetary limitations and would seek appropriations at the full formula funding level.
- Enactment of this bill could cause the state to lose significant federal funding for other state functions due to state's reduced ability to match such federal funds.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc